

House Bill 843

By: Representatives Benfield of the 85th, Drenner of the 86th, and Gardner of the 57th

A BILL TO BE ENTITLED
AN ACT

To provide for mile-based premiums for certain motor vehicle insurance; to amend Chapter 34 of Title 33 of the Official Code of Georgia Annotated, relating to motor vehicle accident reparations, so as to change certain provisions relating to requirements for issuance of motor vehicle liability insurance policies; to change certain provisions relating to rules and regulations; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 34 of Title 33 of the Official Code of Georgia Annotated, relating to motor vehicle accident reparations, is amended by striking subsection (a) of Code Section 33-34-3, relating to requirements for issuance of motor vehicle liability insurance policies, and inserting in lieu thereof the following:

"(a)(1) As used in this subsection, the term:

(A) 'Mile based' means based on a rate, rating plan, rating system, or underwriting rule for which a unit of exposure is one mile traveled by the insured motor vehicle.

(B) 'Time based' means based on a rate, rating plan, rating system, or underwriting rule for which a unit of exposure is a unit of time.

(2) All policies of motor vehicle liability insurance issued in this state must be in accordance with the requirements of this chapter. Such policies shall contain at least the minimum coverages required under this chapter and shall be issued for a minimum term of six months.

(3)(A) Any insurer that issues motor vehicle liability insurance policies subject to the requirements of this chapter may offer each person who purchases such insurance a choice between premiums which are either time based or mile based.

(B) Each insurer which offers such a choice may require a person purchasing motor vehicle liability insurance from such insurer to make the type of premiums selected by

1 the purchaser, either time based or mile based, applicable to all vehicles covered under
2 any policy issued by such insurer.

3 (C) Premium rates, rating plans, rating systems, or underwriting rules for time-based
4 premiums and mile-based premiums shall be filed separately for purposes of Code
5 Section 33-9-21. Any insurer that offers a choice of mile-based premiums for motor
6 vehicle liability insurance pursuant to this paragraph shall, whenever making a filing
7 for such premiums as required by Code Section 33-9-21, include as part of such filing
8 a statement of any fee to be charged to policyholders or applicants for participation in
9 the mile-based premium plan.

10 (D) In reporting earned premiums and incurred claims as required under subsection (c)
11 of Code Section 33-3-21.1, an insurer shall separately report experience based on use
12 of time-based and mile-based premiums for motor vehicle liability insurance if the
13 insurer offers a choice of such premiums pursuant to this paragraph.

14 (E) The Commissioner shall annually:

15 (i) Compile information regarding:

16 (I) The number of insurers issuing in this state motor vehicle liability insurance
17 policies using mile-based premium plans;

18 (II) The geographic areas of this state in which mile-based premium plans are used;
19 and

20 (III) The premium rates for mile-based premium plans as compared to time-based
21 premium plans; and

22 (ii) Analyze the effect of mile-based premium plans on premium rates offered for
23 motor vehicle liability insurance using time-based premium plans.

24 ~~(2)~~(4) All insurers authorized to transact or transacting insurance in this state or
25 controlling or controlled by or under common control by or with an insurer authorized
26 to transact or transacting insurance in this state which issue policies or contracts
27 providing motor vehicle liability insurance coverage or any other similar coverage in any
28 state or Canadian province shall include in the policies or contracts of insurance a
29 provision which provides at least the minimum liability coverage required under Code
30 Section 33-34-4 with respect to motorists insured under the policies or contracts who are
31 involved in motor vehicle accidents in this state and, notwithstanding any provisions of
32 the policies or contracts to the contrary, all such policies or contracts of insurance shall
33 be deemed to satisfy the minimum requirements of this chapter if a motorist insured under
34 the policies or contracts of insurance is involved in a motor vehicle accident in this state.

35 ~~(3)~~(5) Nothing contained in this Code section shall be deemed to prohibit a nonadmitted
36 insurer not otherwise required by paragraph ~~(2)~~(4) of this subsection to provide the

1 minimum liability coverage required by Code Section 33-34-4 from providing such
2 coverage for its insured motorists who are involved in motor vehicle accidents in this
3 state and, to the extent that such coverage is provided, such policies or contracts shall be
4 deemed to provide the minimum liability coverage required by this chapter.

5 ~~(4)~~(6)(A) No insurer shall issue a policy of motor vehicle liability insurance without
6 requiring advance payment for the first 30 days of coverage if the premiums are time
7 based or the first 2,000 miles of coverage if the premiums are mile based. Insurers may
8 rely on the insured's statements in the policy application for the purpose of calculating
9 the initial payment required by this paragraph. This paragraph shall not apply to any
10 renewal or continuation of a policy, to any replacement of a policy where there is no
11 lapse of coverage, or to any personal automobile policy issued in connection with an
12 employer sponsored payroll deduction plan. This paragraph shall apply only to personal
13 automobile or family-type automobile liability insurance policies.

14 (B) If an insurer, agent, or premium finance company collects such advance payment
15 in the form of a check or money order which is not honored upon initial presentation,
16 such insurer, agent, or premium finance company shall be deemed to have complied
17 with subparagraph (A) of this paragraph and may, thereafter, cancel for nonpayment of
18 premium as provided in Code Section 33-24-44."

19 SECTION 2.

20 Said chapter is further amended by designating the existing provisions of Code Section
21 33-34-8, relating to rules and regulations, as subsection (a) thereof and adding a new
22 subsection (b) to read as follows:

23 "(b) The Commissioner shall promulgate such rules or regulations as are reasonably
24 necessary to govern the use of mile-based premiums for motor vehicle liability insurance
25 offered pursuant to paragraph (3) of subsection (a) of Code Section 33-34-3, including
26 without limitation provisions for auditing motor vehicle odometers to determine whether
27 the minimum coverage required under this chapter is in force."

28 SECTION 3.

29 All laws and parts of laws in conflict with this Act are repealed.